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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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NOV 21 2011

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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[Signature]

IN THE MATTER OF THE APPLICATION OF
PAYSON WATER COMPANY ON BEHALF
OF ITS MESA DEL CABALLO SYSTEM FOR
APPROVAL OF A WATER AUGMENTATION
SURCHARGE/EMERGENCY RATE TARIFF.

DOCKET NO. W-03514A-10-0116

IN THE MATTER OF THE NOTICE OF FILING
OF PAYSON WATER COMPANY'S PROPOSED
CHANGES TO ITS CURTAILMENT TARIFF
(MESA DEL CABALLO SYSTEM).

DOCKET NO. W-03514A-10-0117

PROCEDURAL ORDER

BY THE COMMISSION:

September 28, 2010, the Arizona Corporation Commission ("Commission") issued Decision No. 71902 which approved the application of Payson Water Company, Inc. ("Company" or "Applicant") on behalf of its Mesa Del Caballo ("MDC") system for an emergency water augmentation surcharge tariff ("Surcharge") on an interim basis to allow the Applicant to recover costs for the bulk water purchases needed to supply water to customers on its MDC System. In Decision No. 71902, the Commission also approved certain changes to MDC's Curtailment Tariff.

The Commission's approval of the Company's application for a Surcharge was conditioned upon the Company filing by September 27, 2011, with the Commission, as a compliance item, an application for permanent rate relief.

On September 8, 2011, the Company filed a Motion for an Extension of Time ("Motion"), until January 31, 2012, for approval by the Commission to file its permanent rate application. The Company in its Motion stated as follows:

The Surcharge is designed to allow Payson Water to recover its costs of supplementing water supplies for its Mesa Del Caballo system between the months of May and September each year. These costs are merely passed through to the end-user, and do not include the recovery of any administrative costs, nor does it provide Payson Water with any excess funds or profit. In order to provide an accurate accounting of the costs for supplemental water supplies, Payson Water will need information and

1 data through the 2011 season when water augmentation was necessary –
2 including all water augmentation that occurs in September, 2011. In
3 addition, Payson Water has been required to augment the Mesa Del
4 Caballo system with water supplies outside the time the Surcharge is in
effect (i.e. January and February 2011), and expects further water
augmentation will be necessary for September 2011. These costs are not
currently recovered from ratepayers.

5 The Company stated that a 2011 test year will provide the Company and the Commission with
6 the full and complete information necessary to provide a basis for permanent rate relief.

7 The Company stated further that a 120-day delay should not have a negative impact on
8 Applicant's customers; in fact, it would delay any rate increase that may result from the rate
9 application.

10 On September 29, 2011, the Commission's Utilities Division ("Staff") filed a Staff
11 Memorandum in response to the Company's Motion in which Staff recommended approval of the
12 requested extension until March 31, 2012, in order for the Company to file an application for a
13 permanent rate increase.

14 On November 7, 2011, Mr. J. Stephen Gehring, filed an Application for Intervention in the
15 above-captioned proceeding. In his request for intervention, Mr. Gehring stated that he is a customer
16 of the Company and disagrees with the results of the Decision No. 71902; however, the time for
17 intervention for that proceeding has passed. Additionally, Mr. Gehring stated that he wishes to
18 intervene in the rate case proceeding which is to be filed on or about March 30, 2012.

19 On November 17, 2011, the Commission issued Decision No. 72679, which grants the
20 Company an extension of time to file its permanent rate application by March 30, 2012.

21 Under the circumstances, Mr. Gehring's name and address should be added to this
22 proceeding's service list and the Company should notify Mr. Gehring personally by mail when the
23 new rate application is filed in 2012.

24 IT IS THEREFORE ORDERED that Mr. J. Stephen Gehring shall be added to the service list
25 of this proceeding.

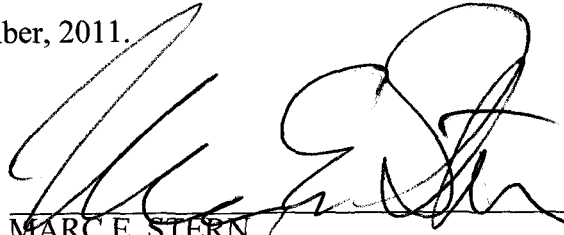
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1 IT IS FURTHER ORDERED that Payson Water Company on behalf of its Mesa Del Caballo
2 System shall mail personal notice of the filing of its permanent rate application when it is filed in 2012
3 to Mr. Gehring so that he will receive adequate notice to file for intervention in that proceeding.

4 DATED this 2/5 day of November, 2011.

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6
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8 
MARC E. STERN
ADMINISTRATIVE LAW JUDGE


9 Copies of the foregoing mailed/delivered
10 this 2/5 day of November, 2011 to:

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27 By: 
28 Debra Broyles
Secretary to Marc E. Stern